Government of
Saskatchewan

Annual Report
2000 - 2001

Saskatchewan
Justice

Farm Land
Security Board

101-06838/

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Letter of Transmittal

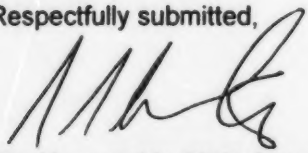
July 16, 2001

Honourable L. M. Haverstock
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

I have the honour to submit to your Honour the Annual Report of the Farm Land Security Board for the year ending March 31, 2001.

Respectfully submitted,



The Honourable Chris Axworthy
Minister of Justice and
Attorney General

Letter of Transmittal

July 16, 2001

The Honourable Chris Axworthy
Minister of Justice and Attorney General
Room 335, Legislative Building
Regina, Saskatchewan

Dear Sir:

I have the honour to submit for your consideration the Annual Report of the Farm Land Security Board for the year ending March 31, 2001.

The Saskatchewan Farm Security Act establishes the Farm Land Security Board providing it a mandate in the areas of farm foreclosures, home quarter protection and farm ownership. During periods of economic instability in the farm sector, the Act plays a critical role in supporting farm families.

In the 2000-2001 fiscal year, Notices of Intent to Foreclose served upon farmers remained at a significant level. Poor net farm incomes in the grain and oilseeds sector over the last few years are materializing in mortgage servicing difficulties.

Activity in the Home Quarter Protection area decreased as the result of the creation of broader class exclusions by the Board and reduced farm lending involving Home Quarters.

Farm Ownership work was again a large part of the Board's activity. Continued financial pressures in the farm economy contributed to increased philosophical and political debate around Farm Ownership legislation. Growing within our agriculture, however, is steady and determined progress towards a more diversified economy. Contributing to this is an increasing number of non-resident farmers who are recognizing opportunity in relocating to Saskatchewan. Farm Ownership legislation revitalizes rural Saskatchewan by encouraging the inflow of new residents rather than the growth of absentee ownership of our farm lands.

Respectfully submitted,

Leslie Belloc-Pinder
Chair

Program Rationale, Governing Legislation and Organizational Structure

Mission Statement

It is the mission of the Farm Land Security Board to effectively deliver Saskatchewan Justice Farm Security Programs in a manner responsive to the needs of the broad rural community. These programs have been instituted to support family farms during periods of financial difficulty and stabilize the economic and social environment in rural Saskatchewan.

Governing Legislation

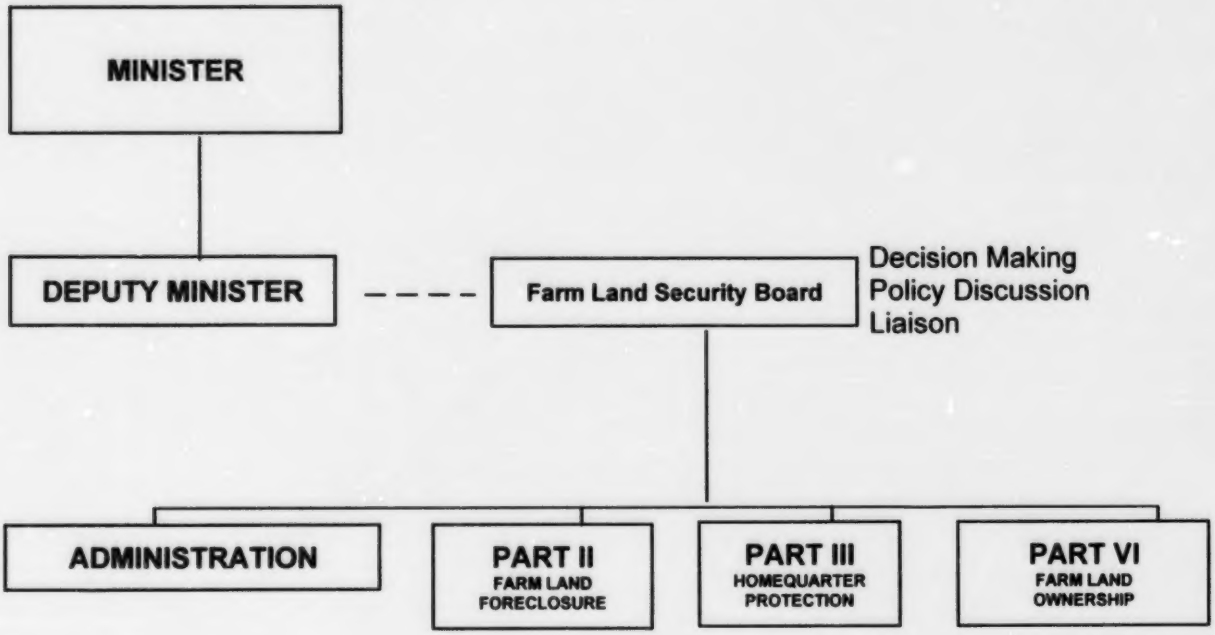
Saskatchewan Justice Farm Security Programs are governed by *The Saskatchewan Farm Security Act* and its regulations. The Farm Land Security Board is established by the Act.

The Farm Land Security Board is mandated under Part II of the Act to oversee the process which occurs prior to a foreclosure action proceeding on farm land. The process is supportive. The farm family in financial difficulty is provided the benefits of independent financial analysis and mediation.

Part III, Home Quarter Protection, of the Act allows the Board to exclude a mortgage from Home Quarter Protection when it is "in the best interests" of the farmer. The Board, in doing so, does not take a narrow view of these interests but consults with the borrower on all aspects of the farm business.

Objectives of Part VI, Farm Ownership, are to deliver the mandate of preserving Saskatchewan farm land for ownership and operation by Saskatchewan residents while remaining open and sensitive to the broader needs and opportunities of our province. This is accomplished by its daily contact with Saskatchewan agricultural producers, agricultural and non-agricultural corporations and non-residents.

Organizational Overview of Farm Security Programs



Members of the Farm Land Security Board in the 2000-01 fiscal year were:

Leslie Belloc-Pinder, Chair
Bill Turner, Vice-Chair
Ferne Nielsen
Vic Bruce
Larry Kopan

The Board employs managerial and support staff in Regina as well as contractual Field Consultants located around the province.

Dan Patterson - General Manager
Dick Wellman - Manager Home Quarter Protection and Farm Foreclosure
Jim Chernick - Manager, Farm Ownership

Program Objectives, Activities and Impacts

Part II Farm Foreclosures

Mandate

Part II of *The Saskatchewan Farm Security Act* has the stated purpose "to afford protection to farmers against loss of their farm land." Before proceeding to court, the Act requires all lenders or writ holders to first provide notice to the farmer and to the Farm Land Security Board respecting their intention to foreclose. The Act provides a review and mediation mechanism to assist the parties' efforts to find a settlement. If mediation is not successful, the Act requires the Board prepare a report for the court which provides an opinion on questions stated in the Act, and any other matter the Board feels is relevant. The statutory period allowed for the above is 150 days.

The program helps farmers facing foreclosure by clarifying their financial situation and assisting them in understanding their legal rights and obligations. These activities help establish achievable expectations and objectives for farmers as they enter the mediation process.

The program was also designed to assist the court in its determination of whether allowing foreclosure to proceed would be "just and equitable." The Board's report to the court provides insight into the personal and financial circumstances of the farm family. As well, because some aspects of Home Quarter Protection legislation are linked to the Board's opinion in the report, important legal support for farm families hinges on the report's conclusions. The Act directs the court to give the report primary consideration.

Resources

$491,000 is attached to the delivery of Parts II and III under the Act, exclusive of general administration overhead and Board meetings. 2.0 full-time equivalent employees and 31 contract field consultants work in these programs. In June of 1998 the Farm Land Security Board and the Federal Farm Debt Mediation and Consultation Services arranged to cross-contract its field consultants. This reduced program duplication and improved continuity of service for farmers involved in both programs.

Objectives

The primary objective of the program is to assist farmers facing foreclosure to understand and resolve their financial problems thereby keeping farmers on the land and in rural communities.

Activities

Field Analysis and Mediation Preparation

Following receipt of a Notice of Intention to Foreclose, the Board assigns the matter to a field consultant. It is the field consultant's responsibility to meet with the farm family to adequately prepare them for the mediation opportunity. This preparation includes a review and analysis of the farm family's financial situation. Discussions about their personal and financial situation and their legal rights and obligations occur. Through these discussions the field consultant helps the family establish goals for the mediation process and beyond. A financial report is produced and provided to the farmer, the mediator and the creditor. The consultant will accompany the farmer to the mediation meeting acting as a resource and a support for the family.

When the review and mediation activities do not find a suitable solution, the creditor may ask for the Board's report to the court. Upon receiving such a request, the Board prepares a report in accordance with the Act. It may meet with the parties involved.

Impacts

Since the program inception in 1985 the Board has dealt with 9,456 farms threatened by intended foreclosure. Intervention by the Board has avoided the court process in approximately 75% of these situations. Although repayment arrangements are not always achievable, leaseback and exit arrangements benefit some farm families. As well families have benefited from a supportive process. Further detail on the success of mediation can be obtained from the Mediation Services Annual Report.

PART II - NOTICES	
Fiscal Year	Notices*
1984-1985	152
1985-1986	565
1986-1987	537
1987-1988	1555
1988-1989	1388
1989-1990	1532
1990-1991	1745
1991-1992	1164
1992-1993	1465
1993-1994	685
1994-1995	598
1995-1996	481
1996-1997	386
1997-1998	342
1998-1999	313
1999-2000	403
2000-2001	405
TOTAL	13,716

* Notices of Intent to Foreclose are submitted on a mortgage basis and may involve more than one mortgage.

PART II - NOTICES ISSUED BY LENDERS						
Fiscal Year	FCC	ACS	Credit Union	Other	Chartered Banks	TOTAL
1984-1985	0	8	67	22	55	152
1985-1986	64	10	171	66	254	565
1986-1987	14	47	157	41	278	537
1987-1988	793	49	196	37	480	1,555
1988-1989	808	66	157	41	316	1,388
1989-1990	861	70	201	46	354	1,532
1990-1991	689	74	361	74	547	1,745
1991-1992	290	77	401	37	359	1,164
1992-1993	639	40	389	51	346	1,465
1993-1994	221	103	198	36	127	685
1994-1995	196	154	139	27	82	598
1995-1996	112	196	89	34	50	481
1996-1997	91	155	75	32	33	386
1997-1998	107	83	78	24	50	342
1998-1999	108	43	91	27	44	313
1999-2000	174	27	103	41	58	403
2000-2001	179	18	94	25	89	405
TOTAL	**5,167**	**1,202**	**2,873**	**636**	**3,433**	**13,716**

Observations

Over the last two fiscal years some trends are apparent in the receipt of Notices from farm lenders. Notices received from the Farm Credit Corporation and the Chartered Banks have increased whereas Credit Union notice levels have stayed relatively constant. Notices received from the Agriculture Credit Corporation of Saskatchewan have declined.

Court Reports

The Board's report to the Court provides comprehensive information to the Court, the farmer and the lender when the lender decides to proceed with a court application to foreclose. Although the Board cannot always support a farmer's possibility of meeting his payments, it is usually evident that sincere and reasonable efforts have been made with the resources available.

PART II - COURT REPORTS INITIATED[a]				
FISCAL YEAR	PROVIDING OPINION	PROVIDING NO OPINION[b]	UNCONTESTED FORECLOSURE[c]	TOTAL
1989-1990	230	83	48	361
1990-1991	229	51	117	397
1991-1992	253	39	60	352
1992-1993	258	54	47	359
1993-1994	166	36	34	236
1994-1995	69	34	9	112
1995-1996	75	20	4	99
1996-1997	55	40	9	104
1997-1998	62	32	8	102
1998-1999	66	57	1	124
1999-2000	58	29	5	92
2000-2001	101	42	4	147
TOTAL	1622	517	346	2485

[a] not all Court Reports initiated by lenders are issued to the court.
[b] Court Report issued when Board's assistance declined by the farmer.
[c] Reflect mediated arrangements and are required for legal purposes.

Observations

The significant increase in Court Reports initiated, for the most part, reflects the increase in Notices of Intent to Foreclose which occurred over the last two fiscal years. In some cases the request for a Court Report lags the service of the Notice by a considerable time period.

The Board observed an increase in the incidence of lenders seeking to foreclose on mortgages that have been brought current. This determination to narrow their portfolios to only the financially strongest producers is forcing some farmers to sell or lease out their farm land.

Program Objectives, Activities and Impacts

Statistical Profile

Since program inception the Farm Land Security Board has kept a statistical profile of the farmers receiving Notices of Intent to Foreclose. During the 2000/2001 fiscal year, the following profiles were recorded. 1999/2000 profiles are in brackets.

Foreclosure Debt

Amount	% of Notices	
< $ 20,000	6%	(11%)
$ 20,000 - $ 50,000	22%	(27%)
$ 50,000 - $100,000	27%	(30%)
$100,000 - $200,000	25%	(22%)
> $200,000	20%	(10%)

Operator Age Range

Age	% of Notices	
20 - 30	2%	(2%)
30 - 40	11%	(16%)
40 - 50	44%	(35%)
50 - 60	30%	(27%)
60 +	13%	(20%)

Enterprise Type		
Mixed	33%	(35%)
Grain	56%	(52%)
Beef	4%	(4%)
Other	7%	(9%)

Farm Organization		
Sole Proprietorship	83%	(89%)
Partnership	9%	(6%)
Corporation	8%	(5%)

Farm Dependents	3.5	(3.2)
Home Quarter Involvement in Foreclosure Notices	43%	(41%)

Average Asset Level	$660,000	($504,000)
Average Debt Level	$330,000	($282,000)
Average Net Worth	$330,000	($222,000)

Observations

As an indication of the amount of financial difficulty present in the farm economy, Notices of Intent to Foreclose do not present the entire picture. Other debt resolution is also undertaken by the federal Farm Debt Mediation Service, Bankruptcy Trustees and by lenders directly with their clients. Federal Farm Debt Mediation legislation has replaced the Farm Debt Review Board and provided a companion program called the Farm Consultation Service to assist farmers meeting financial challenges. A cooperative initiative was completed to amalgamate the federal and provincial field consultant groups to improve continuity between all programs. In the 2000/2001 fiscal year, federal activity in the new programs was high (197 applications for mediation and 456 applications for consultation).

Part III - Home Quarter Protection

Mandate

Home Quarter Protection has been a cornerstone of Saskatchewan farm protection legislation since the early 1940s. The protection stays the registration of a Final Order for Foreclosure as long as the farmer continues to live on the homestead. A farmer and a lender may co-apply to the Farm Land Security Board to have a mortgage excluded from this protection. The Board is empowered to exclude the mortgage from protection, when in the opinion of the Board, it would benefit the farmer. The program helps prevent farmers from unnecessarily attaching debt to their home quarter.

Resources

Part II and III office and human resources are shared. (See Part II for more detail.)

Objectives

The mandate of this Part is achieved by clarifying with farmers their security options and examining their ability to service the mortgage obligations. Before the Board will order a mortgage excluded from the protection, it must be convinced the farmer can repay the loan, and that other suitable security is not available. Additionally, it must be convinced that any aspect of a loan which appears uncharacteristic of typical lending practices has been fully discussed with the parties.

Activities

Co-applications are reviewed by Board staff. Staff typically contact the farmer and the creditor as part of their review and may request additional information concerning the farm financial situation. Staff will analyse the farm budget and security options to establish that the loan is affordable and that more suitable security arrangements are not possible. In the most difficult situations the co-application is assigned to a field consultant. The consultant will meet with the farmer and the creditor to prepare a report for the Board.

PART III - APPLICATIONS RECEIVED	
Fiscal Year	**Applications**
1988-1989	794
1989-1990	1328
1990-1991	1479
1991-1992	1415
1992-1993	1,174*
1993-1994	810
1994-1995	896
1995-1996	833
1996-1997	1038
1997-1998	918
1998-1999	774**
1999-2000	562***
2000-2001	484
TOTAL	**12,505**

* Activity in the Home Quarter Protection area was affected by the legislative amendments respecting mortgages made solely for the purpose of home quarter purchase or improvement. The amendments removed such mortgages from the protection beginning in September 1992. This is reflected in the reduced number of applications received that fiscal year and in following years.

** A Class Exclusion involving non-farm rural residences was issued in December of 1998. This is reflected in the reduced number of applications received that fiscal year and in following years.

*** A Class Exclusion involving solely farmland purchases was issued in October of 1999. This is reflected in the reduced number of applications received that fiscal year and in following years.

PART III DISPOSITION OF APPLICATIONS TO WAIVE HOME QUARTER PROTECTION					
Fiscal Year	Order Issued	Special Order Issued	Order Denied	Return/ Withdraw	Total
1992-1993	1,012	81	16	83	1,192
1993-1994	642	72	11	74	799
1994-1995	723	93	9	85	910
1995-1996	625	109	7	82	823
1996-1997	776	157	8	82	1,023
1997-1998	677	158	8	70	913
1998-1999	550	153	10	75	788
1999-2000	216	287	2	69	574
2000-2001	131	304	2	37	474

Impacts

About two thirds of the applications are issued "Special Orders" where the exclusion order identifies and attaches explicit conditions. The condition may be for the creditor to release a home site from the mortgage if the loan fails, or to release the home quarter once the principal is reduced to a specified amount. Special orders also allow the Board to deal with mortgages which are not sum certain or loan specific. The special order avoids replacing or amending the mortgage.

The increasing use of "special orders" reflects the growing use of "All Purpose Collateral Mortgages" by lenders. This type of mortgage encompasses all existing or future debt with the institution including operating or credit card debt. The Board often finds farm families unaware of the extensive nature of these provisions.

A decision to refuse to exclude a mortgage from the protection only occurs after clear evidence that either the loan is not affordable or that other satisfactory security options are available.

Rather than deny an application the Board will work with the parties to find acceptable alternatives. The number of special orders issued is evidence of the success of these efforts. Only 1% of applications are denied.

In today's environment of high farm debt and low operating margins the Board's activities have helped ensure that the debt obligations are serviceable when the homestead is involved. Its activities have also ensured more "farmer friendly" options for securing the debt have been implemented where possible. These activities have increased farmer knowledge of risk management, and have convinced creditors that home quarter security should be a last resort. This will contribute to the stability of rural communities in the future.

Observations

The number of co-applications to waive Home Quarter Protection in the 2000/2001 fiscal year continued to decline. This is reflective of a less active lending environment. Lending using Home Quarters to secure loans for new purchases of land or equipment also declined. As well, the Board's issuance of a Class Exemption Order which affects non-agricultural loans would have been responsible for some of the reductions in applications. The Class Exemption makes applications unnecessary for loans involving rural residences where there is gross farming or land lease income of less than $5,000.

The majority of Exclusion Orders were issued for loans consolidating existing debt. Of growing concern is the increasing incidence of loans being made by private lenders from Alberta. Characteristic to these loans are borrowers in difficult financial circumstances who are unable to obtain credit from conventional sources. The loans being made apply very high interest rates and substantial mortgage broker and other fees. It is difficult for the Board to conclude that such borrowing is in the "best interests" of the farmers except that it is their last source of credit and they are often determined to pledge all their assets despite the high risk situation.

Part VI - Farm Ownership

Mandate

This legislation is designed to ensure that non-resident or corporate control of Saskatchewan farm land does not negatively affect the interests of resident producers or the economic and social development of the province.

Resources

$122,000 was expended on the delivery of Part VI activities under the Act, exclusive of general administrative overhead and Board meetings. 1.8 full-time equivalent employees and one contract field consultant work in this program.

Objectives

The Board seeks to preserve ownership and operation of Saskatchewan farm land by residents through ensuring compliance with farm ownership legislation. The Board also maintains an internal objective to remain current in the area of agriculture and land related issues. This contributes positively to its decisions regarding land ownership.

Activities

Responsibilities of the Board include the granting or denial of applications for exemption or extension, issuing Orders for Divestment, recommending Court action for violation of the Act's provisions, and generally advising the government on farm ownership issues. Where individuals or corporations acquire or plan to acquire holdings which exceed that allowed by statute, the Board considers the interests of all affected parties in making its determinations.

Staff assigned to this aspect of the program monitor all changes of title respecting agricultural land in the province. As well, corporate documents of land holding companies are reviewed to assess any changes in share structure that would result in non-resident individuals or non-agricultural corporations having an interest in farm land.

A. Activity Summary

In the 2000/2001 fiscal year, staff and consultants were required to review and document 1,469 transfers of land to non-resident individuals, 3,865 transfers to corporate interests and 532 to Crown Agencies. Staff also investigated and processed applications for exemption and applications for extension in order to achieve compliance with the legislation. An application may result in the granting of more than one exemption. In addition, staff responded to personal or written inquiries.

B. Activity Detail

The Board monitored all changes of interest in rural land processed through eight Land Titles Offices in the province. 23,925 transfers totalling 3,824,194 acres were monitored. The total number of transfers in the previous year was 25,002; total acreage involved was 4,084,035 acres.

1,469 land transfers to non-resident individuals resulted in 1,072 reviews of non-resident individuals who had not previously held an interest in land in Saskatchewan. 3,865 transfers to corporate /lending/other interests resulted in 386 reviews of new corporate land holders.

Program Objectives, Activities and Impacts

The following table illustrates the number of transfers to various categories of individuals and corporate entities. As illustrated, the majority of transfers involving Saskatchewan farm land are to residents of the province.

2000/2001 TRANSFER STATISTICS
(1999/2000 in Brackets)

Category	Number of Transfers	Acreage	Percentage of Transfers
Saskatchewan residents	18,058 (19,284)	2,902,379 (3,188,769)	75.8% (77.1%)
Non-resident (Canadian)	1,396 (1,436)	244,151 (244,161)	5.8% (5.7%)
Non-resident (Non Canadian)	73 (156)	12,132 (35,212)	0.3% (0.9%)
Saskatchewan Executors of Estates	13 (9)	2515 (1,275)	0.0% (0.0%)
Lending Institutions including Crown Lenders	99 (110)	15,115 (17,843)	0.4% (0.4%)
Government (including non-lending Crown Corporations)	532 (576)	67,027 (81,573)	2.2% (2.0%)
Corporations	3,577 (3,082)	544,409 (505,509)	14.9% (12.3%)
Other	176 (349)	36,311 (79,533)	0.7% (1.9%)
TOTAL	**23,924** **(25,002)**	**3,824,039** **(4,153,875)**	**100%** **(100%)**

C. Non-Resident and Corporate Acquisitions

In this fiscal year, non-Saskatchewan residents acquired title to 256,283 acres. Over two-thirds of this total was acquired through the legislated provisions for acquisitions by relatives from Saskatchewan residents or through the 320 acres allowed Canadian residents. The balance was acquired with facilitating exemptions from the Farm Land Security Board.

In this fiscal year, corporations acquired an interest in 595,835 acres. The majority of the land was acquired by Saskatchewan producer -owned corporations engaged in the business of farming.

ACQUISITION STATISTICS*

	NON - RESIDENT		CORPORATE	
Year	Transfers	Acres	Transfers	Acres
1997 - 1998	1,404	247,761	4,488	768,360
1998 - 1999	1,413	247,919	4,458	744,174
1999 - 2000	1,592	279,373	3,550	604,160
2000-2001	1,469	256,283	3,865	598,350

* Includes land transferred to financial institutions and land acquired through the Treaty Land Entitlement process.

The Board has the authority to consider applications for exemption which, if approved, allow non-eligible individuals or non-agricultural corporations to have or acquire a land holding in excess of that allowed under the farm ownership provisions of *The Saskatchewan Farm Security Act*. Denials were primarily based on the Board's conclusion that the intended acquisition would be contrary to the longer term interests of Saskatchewan people. The following table summarizes the Board's activity in applications for exemption.

Despite a moderate reduction in Exemptions issued to non-residents who are intending to reside in the province, it is evident from discussions with Rural Municipalities and real estate agents that the influx of new farmers, particularly from Alberta, is growing at an accelerating pace. These new residents do not appear in the statistics because they are acquiring land as residents and do not require exemptions from the Farm Land Security Board. It is difficult to quantify this number but real estate agents estimate that at least three new farm families are arriving in Saskatchewan for every situation where the Board is approached for an exemption.

Program Objectives, Activities and Impacts

EXEMPTION STATISTICS 2000-2001 (1999-2000 In Brackets)				
Exemption Category	**Granted**	**Acres**	**Denied**	**Acres**
Purchaser Intending to Reside	27 (38)	6,1297 (44,781)	2 (0)	2220 (0)
Border Farm	14 (14)	8450 (4,224)	0 (1)	(0) (0)
Intensive Livestock				
Hogs	1(22)	1,920(4,568)	0 (1)	0 (3,000)
Dairy	0 (0)	0 (0)	0 (0)	0 (0)
Poultry	1 (2)	154(20)	0 (0)	0 (0)
Beef	0 (0)	0 (0)	0 (0)	0 (0)
Other	0 (0)	0 (0)	0 (0)	0 (0)
Grain	0 (0)	0 (0)	0 (0)	0 (0)
Livestock (Extensive)	2 (0)	1,260 (0)	0 (0)	0 (0)
Commercial Development				
Mining/Forestry/Petroleum	1(7)	150 (1,450)	0 (0)	0 (0)
Grain Handling	0(4)	0 (578)	0 (0)	0 (0)
Transportation	1(0)	907 (0)	0 (0)	0 (0)
Property Development	3(0)	700 (0)	0 (0)	0 (0)
Other/Charities/Research	7(7)	2,587 (5,018)	0 (0)	0 (0)
Investment				
Family Support	10 (9)	11,685 (2,474)	1 (1)	470 (640)
Non-Family Support	7 (4)	2,420 (3,660)	0 (0)	0 (0)
Real Estate	4 (0)	6,224 (0)	2 (2)	2,080 (126)
Farming	10 (12)	2,380 (3,114)	1 (1)	320 (320)
Inheritance/ Estate Planning	25 (22)	7,330 (11,216)	0 (0)	0 (0)
Wildlife Conservation				
Wildlife	27 (33)	4,883 (6,437)	0 (0)	0 (0)
Conservation	7 (1)	2,090 (208)	0 (0)	0 (0)
Interpretation by Policy				
Layered Ag Corp	0 (2)	0 (4,480)	0 (0)	0 (0)
Spousal Acquisition	1 (0)	160 (0)	0 (0)	0 (0)
Qualify as Individual	2 (16)	660 (6,069)	0 (0)	0 (0)
Lender Extension	3 (6)	8270 (21,745)	0 (0)	0 (0)
Termination	0 (0)	0 (0)	0 (0)	0 (0)
Total	153 (199)	123,527 (120,042)	6 (6)	5,090 (4,086)

Program Objectives, Activities and Impacts

There are several general categories of requests for exemption the Board receives.

Purchaser Intending to Reside The Board regularly considers exemption requests by non-residents who plan to move to Saskatchewan and are acquiring land in advance of their residency.

Border Farm In many cases a farm operation straddles the Saskatchewan border and the farmer resides within a reasonable distance of the border to be considered part of a Saskatchewan community. Exemptions facilitate this reality of land holding patterns in border areas which the Act otherwise would restrict.

Intensive Livestock Many intensive livestock enterprises are organized as limited partnerships or corporations that for the purposes of the Act require an exemption to hold more than 10 acres.

Commercial Development Many commercial undertakings require farm land to develop industrial plants, grain terminals and mining operations.

Investment - family and non-family support In some cases residents have obtained assistance from non-residents to re-acquire their farms from financial institutions or have accessed capital to start a new farm venture.

Investment - farming In these cases non-resident people actively farming their own land reside in communities outside of Saskatchewan. Several exemptions involve residents of Medicine Hat, Alberta who farm in western Saskatchewan

Inheritance/Estate Planning To facilitate estate planning involving transfers of farm land to non-resident beneficiaries exemption requests are considered. Exemptions granted for this purpose generally corresponded with the five year period allowed for divestment in the Act.

Wildlife/Conservation Most organizations acquiring land for wildlife and conservation purposes must apply for exemption. Issues involving the acquisition of farm land to be idled by conservation organizations, most notably Ducks Unlimited Canada, continued to challenge the Board in balancing agricultural and wildlife interests.

Interpretation by Policy Several common situations encountered by the Board would not require exemptions except for their legal structure. These include corporations that would otherwise qualify as Agricultural Corporations but for the insertion of a holding company. Another category is small corporations owned by Canadian residents that require an exemption, these corporations are limited to a land holding of ten acres. Had the acquisition been completed as an individual 320 acres could be acquired without an exemption. Finally, spousal acquisitions are provided exemptions to allow each spouse to acquire 320 acres in order to comply with The Saskatchewan Human Rights Code.

E. Applications for Extension

Financial institutions acquired a total of 15,115 acres through debt resolution during this fiscal year. In this year lenders divested about 282,780 acres and held about 201,883 acres at year end. A creditor acquiring agricultural land through the realization, quit claim, settlement or other disposition of its security, is permitted to retain that land holding for a period of two years. Where that land is being leased back to the previous owner under the Provincial Leaseback Program, the two year period does not commence until the termination or expiration of the leaseback period. The Board has the authority to extend the two year period allowed creditors.

The general preference of financial institutions is to divest of farm land they have recovered. They have generally been willing to cooperate with the Board in providing leasing arrangements, if necessary, for the farmers who gave up ownership of the land when land cannot be sold. This fiscal year the Farm Credit Corporation chose to depart from that approach believing that leasing the land out to other farmers would improve its prospects for sale.

In the 2000/2001 fiscal year, the Board considered 3 requests for extension received from financial institutions. A total of 8,270 acres were involved.

F. Accomplishments

The Board continues with a project to put its files on a computer data base. In this process the Board has developed a listing of land sales data that has proven to be popular with various businesses and individuals. The Board generated $39,600 in revenue from the sale of this data in this fiscal year.

The development of a web site to provide program information was near completion at the end of the fiscal year.

Work also began on the integration of computerized integration of land transfer data from the reorganized land titles system with the Farm Ownership database. This linkage will create new efficiencies and more reliable and current data to support the Board's activities.

G. Enforcement Summary

One court action with respect to the enforcement of a Board Order to Divest remained outstanding at fiscal year end.

Two investigations pursuant to section 95 are ongoing (where the Board has reason to believe a person has an illegal land holding).

H. Observations

The 2000/2001 fiscal year saw a reduction in land transactions which reflects the economic downturn in the farm economy.

Increasing debate about the impact of farm ownership legislation is arising from:

1) the persisting environment of poor financial returns in the grain and oilseeds sector which is forcing the liquidation of farms or the retirement of small and medium size operators,

2) a dramatic increase in interest in Saskatchewan ranch land by Alberta operators due to high price of Alberta land and competition for land resources from urban and recreational as well as other agricultural enterprises,

3) growing interest in commercial scale agriculture developments such as hog barns to diversify farm production.

Concerns are being expressed by some that farm ownership legislation diminishes opportunities for farmers to liquidate their land holdings at the highest price and that economic developments are being discouraged by the Act.

The Farm Land Security Board has taken available opportunities to explore and address these concerns. For example, it has met with directors of the Saskatchewan Agrivisions Corporation to discuss their specific concerns. The Board has increased its efforts to ensure the Act, its principles and mechanisms, are better understood.

It observes that the Act is fostering the establishment of new residents as opposed to the acquisition of land by non-residents. The Board believes this is sound public policy. As to the establishment of intensive livestock operations and other developments of a large scale commercial complexion, the Board believes its exemption approaches ensure that those developments which are complementary to the long term, interests of rural communities are allowed to proceed.

The Board again notes the continuing significant reduction in the number of acres acquired by credit institutions this year although some new acquisitions continue.

Revenue

During 2000/2001 a Notice Application Fee, Land Sales Data Fee and Farm Ownership Fee generated $160,900 in revenue and accounts receivable.

Revenues	1998/1999 (000s)	1999/2000 (000s)	2000/2001 (000s)
Notice Application Fee	75.3	97.0	94.7
Land Sales Data Fee	31.8	34.7	39.6
Farm Ownership Application Fee and Accounts Receivable	11.9	6.8	16.6
Total	119.0	138.5	150.9

Expenditures

A budget of $903,000 was provided to the Farm Land Security Board in the 2000/2001 fiscal year. Expenditures and accounts payable for the year were $875,900. The Board supervised a workforce of 8 Full Time Equivalent employees and 31 contract field consultants.

	1998/1999 Expenditures (000s)		1999/2000 Expenditures (000s)		2000/2001 Expenditures (000s)	
Admin/Board						
Salaries	168.5		170.8		196.9	
Other Expenses	61.5		44.3		66.7	
Sub-Total		**230.0**		**215.1**		**263.6***
Part II/III						
Salaries	80.0		81.8		90.6	
Other Expenses	242.5		319.4		373.9	
Accounts Payable	34.2		29.8		26.2	
Sub-Total		**356.7**		**431.0**		**490.7**
Part VI						
Salaries	175.4		173.6		112.6	
Other Expenses	16.4		15.2		9.0	
Sub-Total		**191.8**		**188.8**		**121.6**
Totals						
Salaries	424.5		426.2		400.1	
Other Expenses	354.6		378.9		449.5	
Accounts Payable	34.2		29.8		26.2	
		778.5		**834.9**		**875.8**

* One support position was transferred from Part VI to Administration/Board and two Board vacancies filled.